



Exhibits

A. California High Speed Rail Authority

A.1. Overview

The California High-Speed Rail Authority (the Authority) has been given the responsibility to develop a high-speed train system (HST) in the State of California pursuant to Chapter 796 of the Statutes of 1996 (Senate Bill 1420, Kopp and Costa). The Authority's authorizing statute is contained in sections 185000 et. Seq. of the Public Utilities Code. The Authority is tasked to prepare a plan and design for the HST system, conduct environmental studies and obtain necessary permits, and undertake the construction and operation of a high-speed train passenger network in California. The Authority has a nine-member policy board and a small core staff. Private firms under contract with the Authority carry out all of the environmental, planning and engineering work under the supervision and guidance of Authority staff.

The HST will provide for state-of-the-art, statewide, high performance rail passenger rail service comprising over 800 route miles for the full system. The Authority has proposed high-speed rail service between the major metropolitan centers of the San Francisco Bay Area, Sacramento in the north, through the Central Valley, to Los Angeles and San Diego in the south (see Exhibit B.2). The proposed HST system is projected to carry as between 93 – 117 million passengers annually by the year 2030.

The service plan is based on the application of high-speed steel-wheel/steel-rail technology, which has been service-proven in Asia and Europe. A fully integrated design approach is expected to facilitate a high level of service in terms of comfort, reliability, safety and speed. The system will operate at speeds in excess of 200 mph on a mostly dedicated, fully grade-separated track making extensive use of tunneling and elevated structures to achieve an ideal alignment and profile. The proposed rail network consists of an 800-mile high-speed train system serving the major metropolitan markets of San Francisco and the greater Bay Area, Sacramento and other Central Valley communities, Los Angeles, Orange County, the Inland Empire, and San Diego¹. The Authority has completed considerable work to further the cause of HST. Key decisions have been made related to system technology, preferred routing and alignment.

The Authority is both the Project sponsor and the lead agency for purposes of the state California Environmental Quality Act (CEQA) requirements. The Federal Railroad Administration (FRA) is the lead agency for compliance under the National Environmental Policy Act (NEPA). To comply with CEQA and NEPA, preliminary engineering and project-level environmental impact work is well underway as the statewide Program Environmental Impact Report/Environmental Impact Statement (EIR/EIS) have been certified by the Authority and the FRA issued a Record of Decision, paving the way for the next steps in the implementation of the first high-speed train system in the United States (November 2005). Preferred alignments for the majority of the HST system have been identified in EIR/EIS. The system will have a maximum of 24 stations. In addition to the completed Program EIR/EIS, preliminary cost estimates, ridership and revenue

¹ See Exhibit B.2 for a map of the proposed system route.



forecasts, and operating plans have been outlined. A preliminary segment of approximately \$30 billion and 544 route miles, from Anaheim to San Francisco, has been selected as Phase One (the Project)². In addition, a preliminary financial plan has been developed including potential funding sources and financing options for the Phase One system.

The certified statewide Program EIR/EIS identified the preferred alignments for the majority of the high-speed train system; however the Program EIR/EIS concluded that the connection between the Bay Area and the Central Valley required additional environmental work. Immediately following the certification of the statewide Program EIR/EIS the Authority initiated a second-tier program process for the Bay Area – Central Valley corridor. The draft Program EIR/EIS for the Bay Area – Central Valley was released in July 2007 for public review and comment, and the final document has a scheduled completion date in early summer 2008. Revised cost estimates, ridership and revenue forecasts and operating plans are underway and are expected by the end of 2008.

² While Phase One of the Project has been selected as a segment where the Authority will first focus its work related to preliminary engineering, the Authority has not yet determined the order in which segments will be built. Any respondent may include commentary related to the development of any segment included in the full 700-mile route alignment, even if such a segment is not included in Phase One.



A.2. Authorizing Statute for Authority

California Public Utilities Code

SECTION 185000-185012

185000. This division shall be known, and may be cited, as the California High-Speed Rail Act.

185010. The Legislature hereby finds and declares all of the following:

- (a) California, over the past decades, has built an extensive network of freeways and airports to meet the state's growing transportation needs.
- (b) These facilities are not adequate to meet the mobility needs of the current population.
- (c) The population of the state and the travel demands of its citizens are expected to continue to grow at a rapid rate.
- (d) The cost of expanding the current network of highways and airports fully to meet current and future transportation needs is prohibitive, and a total expansion strategy would be detrimental to air quality.
- (e) Intercity rail service, when coordinated with urban transit and airports, is an efficient, practical, and less polluting transportation mode that can fill the gap between future demand and present capacity.
- (f) Advances in rail technology have allowed intercity rail systems in Europe and Japan to attain speeds of up to 200 miles per hour and compete effectively with air travel for trips in the 200 to 500-mile range.
- (g) Development of a high-speed rail system is a necessary and viable alternative to automobile and air travel in the state.
- (h) In order for the state to have a comprehensive network of high-speed intercity rail systems by the year 2020, it must begin preparation of a high-speed intercity rail plan similar to California's former freeway plan and designate an entity with stable and predictable funding sources to implement the plan.
- (i) Utilizing existing human and manufacturing resources to build a large network of high-speed rail systems will generate jobs and economic growth for today's population and produce a transportation network for future generations.
- (j) Upon confirmation of the need and costs by detailed studies, the private sector, together with the state, can build and operate new high-speed intercity rail systems utilizing private and public financing.
- (k) The existing high-speed rail commission is completing its work and a successor authority to continue planning is necessary.

185012. As used in this division, unless the context requires otherwise, the following terms have the following meanings:

- (a) "Authority" means the High-Speed Rail Authority.
- (b) "Department" means the Department of Transportation.
- (c) "High-speed rail" means intercity passenger rail service that utilizes an alignment and technology that makes it capable of sustained speeds of 200 miles per hour or greater.

CALIFORNIA CODES



PUBLIC UTILITIES CODE
SECTION 185020-185024

185020. (a) There is in state government a High-Speed Rail Authority.

(b) (1) The authority is composed of nine members as follows:

(A) Five members appointed by the Governor.

(B) Two members appointed by the Senate Committee on Rules.

(C) Two members appointed by the Speaker of the Assembly.

(2) For the purposes of making appointments to the authority, the Governor, the Senate Committee on Rules, and the Speaker of the Assembly shall take into consideration geographical diversity to ensure that all regions of the state are adequately represented.

(c) Except as provided in subdivision (d), and until their successors are appointed, members of the authority shall hold office for terms of four years. A vacancy shall be filled by the appointing power making the original appointment, by appointing a member to serve the remainder of the term.

(d) (1) On and after January 1, 2001, the terms of all persons who are then members of the authority shall expire, but those members may continue to serve until they are reappointed or until their successors are appointed. In order to provide for evenly staggered terms, persons appointed or reappointed to the authority after January 1, 2001, shall be appointed to initial terms to expire as follows:

(A) Of the five persons appointed by the Governor, one shall be appointed to a term which expires on December 31, 2002, one shall be appointed to a term which expires on December 31, 2003, one shall be appointed to a term which expires on December 31, 2004, and two shall be appointed to terms which expires on December 31, 2005.

(B) Of the two persons appointed by the Senate Committee on Rules, one shall be appointed to a term which expires on December 31, 2002, and one shall be appointed to a term which expires on December 31, 2004.

(C) Of the two persons appointed by the Speaker of the Assembly, one shall be appointed to a term which expires on December 31, 2003, and one shall be appointed to a term which expires on December 31, 2005.

(2) Following expiration of each of the initial terms provided for in this subdivision, the term shall expire every four years thereafter on December 31.

(e) Members of the authority are subject to the Political Reform Act of 1974 (Title 9 (commencing with Section 81000)).

(f) From among its members, the authority shall elect a chairperson, who shall preside at all meetings of the authority, and a vice chairperson to preside in the absence of the chairperson. The chairperson shall serve a term of one year.

(g) Five members of the authority constitute a quorum for taking any action by the authority.

185022. (a) Each member of the authority shall receive compensation of one hundred dollars (\$100) for each day that the member is attending to the business of the authority, but shall not receive more than five hundred dollars (\$500) in any calendar month.

(b) Members of the authority shall be reimbursed for their actual travel expenses incurred in attending to the business of the authority.



185024. (a) The authority shall appoint an executive director, who shall serve at the pleasure of the authority, to administer the affairs of the authority as directed by the authority.

(b) The executive director is exempt from civil service and shall be paid a salary established by the authority and approved by the Department of Personnel Administration.

(c) The executive director may, as authorized by the authority, appoint necessary staff to carry out the provisions of this part.

CALIFORNIA CODES
PUBLIC UTILITIES CODE
SECTION 185030-185038

185030. The authority shall direct the development and implementation of intercity high-speed rail service that is fully integrated with the state's existing intercity rail and bus network, consisting of interlinked conventional and high-speed rail lines and associated feeder buses. The intercity network in turn shall be fully coordinated and connected with commuter rail lines and urban rail transit lines developed by local agencies, as well as other transit services, through the use of common station facilities whenever possible.

185032. (a) (1) Upon an appropriation in the Budget Act for that purpose, the authority shall prepare a plan for the construction and operation of a high-speed train network for the state, consistent with and continuing the work of the Intercity High-Speed Rail Commission conducted prior to January 1, 1997. The plan shall include an appropriate network of conventional intercity passenger rail service and shall be coordinated with existing and planned commuter and urban rail systems.

(2) The authorization and responsibility for planning, construction, and operation of high-speed passenger train service at speeds exceeding 125 miles per hour in this state is exclusively granted to the authority.

(3) Except as provided in paragraph (2), nothing in this subdivision precludes other local, regional, or state agencies from exercising powers provided by law with regard to planning or operating, or both, passenger rail service.

(b) The plan, upon completion, shall be submitted to the Legislature and the Governor for approval by the enactment of a statute.

185034. The authority may do any of the following:

(1) Conduct engineering and other studies related to the selection and acquisition of rights-of-way and the selection of a franchisee, including, but not limited to, environmental impact studies, socioeconomic impact studies, and financial feasibility studies.

(2) Evaluate alternative high-speed rail technologies, systems and operators, and select an appropriate high-speed rail system.

(3) Establish criteria for the award of a franchise.

(4) Accept grants, fees, and allocations from the state, from political subdivisions of the state or from the federal government, foreign governments, and private sources.

(5) Select a proposed franchisee, a proposed route, and proposed terminal sites.

(6) Enter into contracts with public and private entities for the preparation of the plan.



- (7) Prepare a detailed financing plan, including any necessary taxes, fees, or bonds to pay for the construction of the high-speed train network.
- (8) Develop a proposed high-speed rail financial plan, including necessary taxes, bonds, or both, or other indebtedness, and submit the plan to the Legislature and to the Governor.
- (9) Keep the public informed of its activities.

185036. Upon approval by the Legislature, by the enactment of a statute, or approval by the voters of a financial plan providing the necessary funding for the construction of a high-speed network, the authority may do any of the following:

- (a) Enter into contracts with private or public entities for the design, construction and operation of high-speed trains. The contracts may be separated into individual tasks or segments or may include all tasks and segments, including a design-build or design-build-operate contract.
- (b) Acquire rights-of-way through purchase or eminent domain.
- (c) Issue debt, secured by pledges of state funds, federal grants, or project revenues. The pledge of state funds shall be limited to those funds expressly authorized by statute or voter-approved initiatives.
- (d) Enter into cooperative or joint development agreements with local governments or private entities.
- (e) Set fares and schedules.
- (f) Relocate highways and utilities.

185038. Any legal or equitable action brought against the authority shall be brought in a court of competent jurisdiction in the County of Sacramento. For purposes of this section, subdivision (1) of Section 401 of the Code of Civil Procedure does not apply.



A.3. Authority Budget History

Fiscal Year	Total Approved Budget
2005/2006	\$3,923,000
2006/2007	\$14,000,000
2007/2008	\$20,694,000